

LOWSF
12.3.346,1 v1

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2007 or tax year beginning _____, 2007, ending _____,

▶ See separate instructions.

OMB No. 1545-0123

2007

A Check if:

- 1 **a** Consolidated return (attach Form 851) ☐
b Life/nonlife consolidated return ☐
2 Personal holding co (attach Sch PH) ☐
3 Personal service corp (see instr) ☐
4 Schedule M-3 attached ☐

Use IRS label. Otherwise, print or type.

WILLINGHAM, INC.
20008 - 244TH AVENUE SE
MAPLE VALLEY, WA 98038

USEPA SF



1316881

B Employer identification number

91-1940932

C Date incorporated

7/01/1978

D Total assets (see instructions)

\$ 248,382.

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

INCOME

1 a Gross receipts or sales	648,294.	b Less returns & allowances		c Balance	▶	1 c	648,294.
2 Cost of goods sold (Schedule A, line 8)						2	190,893.
3 Gross profit. Subtract line 2 from line 1c						3	457,401.
4 Dividends (Schedule C, line 19)						4	
5 Interest						5	1,699.
6 Gross rents						6	
7 Gross royalties						7	
8 Capital gain net income (attach Schedule D (Form 1120))						8	
9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)						9	
10 Other income (see instructions — attach schedule)						10	
11 Total income. Add lines 3 through 10						11	459,100.

DEDUCTIONS SEE INSTRUCTIONS

12 Compensation of officers (Schedule E, line 4)		12	56,000.
13 Salaries and wages (less employment credits)		13	120,389.
14 Repairs and maintenance		14	
15 Bad debts		15	
16 Rents		16	49,313.
17 Taxes and licenses		17	20,996.
18 Interest		18	211.
19 Charitable contributions		19	1,526.
20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)		20	25,617.
21 Depletion		21	
22 Advertising		22	3,920.
23 Pension, profit-sharing, etc, plans		23	
24 Employee benefit programs		24	5,000.
25 Domestic production activities deduction (attach Form 8903)		25	
26 Other deductions (attach schedule)	SEE STATEMENT 1	26	116,619.
27 Total deductions. Add lines 12 through 26		27	399,591.
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28	59,509.
29 Less: a Net operating loss deduction (see instructions)	29 a		
b Special deductions (Schedule C, line 20)	29 b	29 c	

TAX AND PAYMENTS

30 Taxable income. Subtract line 29c from line 28 (see instructions)		30	59,509.	
31 Total tax (Schedule J, line 10)		31	9,877.	
32 a 2006 overpayment credited to 2007	32 a	8,176.		
b 2007 estimated tax payments	32 b	7,000.		
c 2007 refund applied for on Form 4466	32 c			
d Tax deposited with Form 7004	d Bal ▶	32 d	15,176.	
		32 e		
f Credits: (1) Form 2439 (2) Form 4136		32 f		
		32 g	15,176.	
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached		33		
34 Amount owed. If line 32g is smaller than the total of lines 31 and 33, enter amount owed		34		
35 Overpayment. If line 32g is larger than the total of lines 31 and 33, enter amount overpaid		35	5,299.	
36 Enter amount from line 35 you want: Credited to 2008 estimated tax	5,299.	Refunded ▶	36	0.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Title

May the IRS discuss this return with the preparer shown below (see instructions)?

☒ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code

WILLIAM H. BRATTON, CPA
25022 104TH AVE SE, SUITE E
KENT, WA 98030

EIN **91-1347623**

Phone no. **(253) 854-7990**

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	31,000.
2	Purchases	2	182,733.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	SEE STATEMENT 2 3,160.
6	Total. Add lines 1 through 5.	6	216,893.
7	Inventory at end of year	7	26,000.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	190,893.

9a Check all methods used for valuing closing inventory:

(i) ☒ Cost(ii) ☐ Lower of cost or market(iii) ☐ Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☒ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation.

☐ Yes ☒ No**Schedule C Dividends and Special Deductions** (see instructions)

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		SEE INSTR.	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4.			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b.			

Schedule E Compensation of Officers (see instructions for page 1, line 12)**Note:** Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	JASON B WILLINGHAM	532-88-4836	100 %	100 %	0.00 %	56,000.
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers.					56,000.
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					56,000.

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Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)).	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions).	<input type="checkbox"/>	9,877.
3	Alternative minimum tax (attach Form 4626).		
4	Add lines 2 and 3.		9,877.
5a	Foreign tax credit (attach Form 1118).	5a	
b	Credits from Forms 5735 and 8834.	5b	
c	General business credit. Check applicable box(es): <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 5884 <input type="checkbox"/> Form 6478 <input type="checkbox"/> Form 8835, Section B <input type="checkbox"/> Form 8844 <input type="checkbox"/> Form 8846	5c	
d	Credit for prior year minimum tax (attach Form 8827).	5d	
e	Bond credits from: <input type="checkbox"/> Form 8860 <input type="checkbox"/> Form 8912.	5e	
6	Total credits. Add lines 5a through 5e.	6	
7	Subtract line 6 from line 4.	7	9,877.
8	Personal holding company tax (attach Schedule PH (Form 1120)).	8	
9	Other taxes. <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 Check if from: <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule)	9	
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31.	10	9,877.

Schedule K Other Information (see instructions)

	Yes	No		Yes	No
1 Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____			7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If 'Yes,' enter: (a) Percentage owned _____ and (b) Owner's country _____		X
2 See the instructions and enter the: a Business activity code no. 811420 b Business activity INSTALLER c Product or service UPHOLSTERY			c The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deduction of such corporation for the tax year ending with or within your tax year.	X		8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.		
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If 'Yes,' enter name and EIN of the parent corporation _____	X		9 Enter the amount of tax-exempt interest received or accrued during the tax year. \$ NONE		
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned 100.% SEE STATEMENT 3	X		10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) 2		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If 'Yes,' file Form 5452 , Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 , Affiliations Schedule, for each subsidiary.	X		11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here. <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
			12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) \$ NONE		
			13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. \$ _____		X

BAA

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Schedule L Balance Sheets per Books

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		20,552.		36,159.
2a Trade notes and accounts receivable	71,468.		113,323.	
b Less allowance for bad debts		71,468.		113,323.
3 Inventories		31,000.		26,000.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule) ... SEE .ST. 4		8,435.		15,337.
7 Loans to shareholders		7,500.		7,500.
8 Mortgage and real estate loans				
9 Other investments (attach schedule) ... SEE .ST. 5		13,174.		5,000.
10a Buildings and other depreciable assets	113,158.		137,804.	
b Less accumulated depreciation	67,129.	46,029.	92,746.	45,058.
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule) ... SEE .ST. 6		2.		5.
15 Total assets		198,160.		248,382.
Liabilities and Shareholders' Equity				
16 Accounts payable		24,147.		6,741.
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach sch.) ... SEE .ST. 7		164.		8,000.
19 Loans from shareholders		18,652.		18,652.
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule)				
22 Capital stock: a Preferred stock				
b Common stock	1,000.	1,000.	1,000.	1,000.
23 Additional paid-in capital		5,535.		5,535.
24 Retained earnings — Approp (att sch.)				
25 Retained earnings — Unappropriated		148,662.		208,454.
26 Adjmnt to shareholders' equity (att sch.)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity		198,160.		248,382.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more — see instructions

1 Net income (loss) per books	59,792.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books		Tax-exempt interest \$	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):			
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation	\$	a Depreciation	\$
b Charitable contributions	\$	b Charitable contribns \$	642.
c Travel & entertainment	\$ 359.		
	359.		642.
6 Add lines 1 through 5	60,151.	9 Add lines 7 and 8	642.
		10 Income (page 1, line 28) — line 6 less line 9	59,509.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	148,662.	5 Distributions	a Cash ...	
2 Net income (loss) per books	59,792.	b Stock	c Property ..	
3 Other increases (itemize):		6 Other decreases (itemize):		
4 Add lines 1, 2, and 3	208,454.	7 Add lines 5 and 6		
		8 Balance at end of year (line 4 less line 7)		208,454.

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

2007

Attachment
Sequence No. 67

Name(s) shown on return

WILLINGHAM, INC.

Identifying number

91-1940932

Business or activity to which this form relates

FORM 1120

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000.
2	Total cost of section 179 property placed in service (see instructions).	2	22,925.
3	Threshold cost of section 179 property before reduction in limitation.	3	\$500,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-.	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	125,000.

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
7	Listed property. Enter the amount from line 29.	7	15,000.	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	15,000.	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	15,000.	
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562.	10	0.	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs).	11	76,035.	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	15,000.	
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12.	13	0.	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions).	14	
15	Property subject to section 168(f)(1) election.	15	
16	Other depreciation (including ACRS).	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2007.	17	3,657.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here.		

Section B – Assets Placed in Service During 2007 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property	5/12/07	1,721.	39 yrs	MM	S/L	28.
				MM	S/L	

Section C – Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System

20a Class life.					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28.	21	6,932.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions.	22	25,617.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No								24b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25 Special allowance for qualified Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) 25									
26 Property used more than 50% in a qualified business use:									
BUS	7/01/91	100.0	35,000.	25,000.	5.0	200DB HY			
TRAILER	6/01/93	100.0	5,705.	5,705.	5.0	200DB HY			
TRUCK	12/19/04	100.0	8,000.	4,000.	5.0	200DB MQ	547.		
27 Property used 50% or less in a qualified business use:									
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1								28	6,932.
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29	15,000.

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles).....												
31 Total commuting miles driven during the year.....												
32 Total other personal (noncommuting) miles driven.....												
33 Total miles driven during the year. Add lines 30 through 32.....												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?.....												
35 Was the vehicle used primarily by a more than 5% owner or related person?.....												
36 Is another vehicle available for personal use?.....												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?.....		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.....		
39 Do you treat all use of vehicles by employees as personal use?.....		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?.....		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.).....		

Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year.....					43
44 Total. Add amounts in column (f). See the instructions for where to report.....					44

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No								24b If 'Yes,' is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25 Special allowance for qualified Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)								25	
26 Property used more than 50% in a qualified business use:									
LINCOLN	3/22/06	100.0	28,000.	28,000.	5.0	200DB HY	4,800.		
TRUCK	6/15/07	100.0	22,925.	7,925.	5.0	200DB HY	1,585.	15,000.	
27 Property used 50% or less in a qualified business use:									
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1								28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29	

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

2007

FEDERAL STATEMENTS

PAGE 1

CLIENT W5863

WILLINGHAM, INC.

91-1940932

6/11/08

08:08AM

STATEMENT 1
FORM 1120, LINE 26
OTHER DEDUCTIONS

ACCOUNTING.....	\$	2,310.
AUTO AND TRUCK.....		18,447.
INSURANCE.....		4,201.
MEALS AND ENTERTAINMENT.....		360.
MISCELLANEOUS.....		2,184.
OFFICE EXPENSE.....		8,558.
TOOLS.....		7,182.
TRAVEL.....		63,973.
UTILITIES.....		9,404.
TOTAL	\$	<u>116,619.</u>

STATEMENT 2
FORM 1120, SCHEDULE A, LINE 5
OTHER COST OF GOODS SOLD

FREIGHT.....	\$	3,160.
TOTAL	\$	<u>3,160.</u>

STATEMENT 3
FORM 1120, SCHEDULE K, LINE 5
50% OR MORE OWNERS

NAME : JASON B WILLINGHAM
 ID NUMBER : 532-88-4836
 PERCENTAGE OWNED : 100.00%

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STATEMENT 4
FORM 1120, SCHEDULE L, LINE 6
OTHER CURRENT ASSETS

	BEGINNING	ENDING
FUTA DEPOSITS.....	\$ 0.	\$ 161.
PREPAID FEDERAL TAX.....	8,435.	15,176.
TOTAL	<u>\$ 8,435.</u>	<u>\$ 15,337.</u>

STATEMENT 5
FORM 1120, SCHEDULE L, LINE 9
OTHER INVESTMENTS

	BEGINNING	ENDING
WILLINGHAM INVESTMENTS-TECH.....	\$ 5,000.	\$ 5,000.
WILLINGHAM OF CALIF.....	8,174.	0.
TOTAL	<u>\$ 13,174.</u>	<u>\$ 5,000.</u>

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FEDERAL STATEMENTS

PAGE 2

CLIENT W5863

WILLINGHAM, INC.

91-1940932

6/11/08

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STATEMENT 6
FORM 1120, SCHEDULE L, LINE 14
OTHER ASSETS

	BEGINNING	ENDING
ROUNDING.....	\$ 2.	\$ 5.
TOTAL	\$ 2.	\$ 5.

STATEMENT 7
FORM 1120, SCHEDULE L, LINE 18
OTHER CURRENT LIABILITIES

	BEGINNING	ENDING
FUTA TAXES PAYABLE.....	\$ 80.	\$ 0.
RENT PAYABLE.....	0.	8,000.
SALES TAX PAYABLE.....	84.	0.
TOTAL	\$ 164.	\$ 8,000.

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FEDERAL TAX COMPUTATION

1. TAXABLE INCOME (LINE 30, PAGE 1, FORM 1120)	\$	59,509.
2. SHARE OF \$50,000 TAX BRACKET		50,000.
3. SUBTRACT LINE 2 FROM LINE 1		9,509.
4. LESSER OF LINE 3 OR SHARE OF \$25,000 TAX BRACKET		9,509.
5. SUBTRACT LINE 4 FROM LINE 3		0.
6. LESSER OF LINE 5 OR SHARE OF \$9,925,000 TAX BRACKET		0.
7. SUBTRACT LINE 6 FROM LINE 5		0.
8. MULTIPLY LINE 2 BY 15%		7,500.
9. MULTIPLY LINE 4 BY 25%		2,377.
10. MULTIPLY LINE 6 BY 34%		0.
11. MULTIPLY LINE 7 BY 35%		0.
12. ADDITIONAL 5% TAX NOT TO EXCEED \$11,750		0.
13. ADDITIONAL 3% TAX NOT TO EXCEED \$100,000		0.
14. ADD LINES 8 THROUGH 13. SCHEDULE J, LINE 2		9,877.

CHARITABLE CONTRIBUTION DEDUCTION

VARIOUS
CARRYOVER FROM 2006

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	\$	884.
		642.
TOTAL	\$	<u>1,526.</u>

COMPUTATION OF ENDING DEPRECIABLE ASSETS

1. BEGINNING DEPRECIABLE ASSETS	113,158.
2. DEPRECIABLE ASSETS PLACED IN SERVICE IN CURRENT YEAR	24,646.
3. DEPRECIABLE ASSETS SOLD DURING THE CURRENT YEAR	0.
ENDING BUILDINGS AND OTHER DEPRECIABLE ASSETS	<u>137,804.</u>

COMPUTATION OF ENDING ACCUMULATED DEPRECIATION

1. BEGINNING BALANCE OF ACCUMULATED DEPRECIATION	67,129.
2. CURRENT YEAR BOOK DEPRECIATION	25,617.
3. ACCUMULATED DEPRECIATION ON ASSETS SOLD THIS YEAR	0.
ENDING ACCUMULATED DEPRECIATION	<u>92,746.</u>

**COMPUTATION OF NET INCOME (LOSS) PER BOOKS
FORM 1120, SCHEDULE M-1, LINE 1**

INCOME (LOSS) PER RETURN (PAGE 1, LINE 28)	59,509.
--	---------

INCREASES:

DEDUCTIONS ON RETURN NOT RECORDED ON BOOKS (SCH. M-1, LINE 8)	642.
INCOME RECORDED ON BOOKS NOT INCLUDED ON RETURN (SCH. M-1, LINE 7)	0.

DECREASES:

EXPENSES RECORDED ON BOOKS NOT DEDUCTED ON RETURN (SCH. M-1, LINE 5)	-359.
INCOME SUBJECT TO TAX NOT RECORDED ON BOOKS (SCH. M-1, LINE 4)	0.
EXCESS OF CAPITAL LOSSES OVER CAPITAL GAINS (SCH. M-1, LINE 3)	0.

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FEDERAL WORKSHEETS

PAGE 2

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COMPUTATION OF NET INCOME (LOSS) PER BOOKS (CONTINUED)
FORM 1120, SCHEDULE M-1, LINE 1

FEDERAL INCOME TAX PER BOOKS (SCH. M-1, LINE 2)

0.

COMPUTED NET INCOME (LOSS) PER BOOKS (SCH. M-1, LINE 1)

59,792.

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2007 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

CLIENT W5863

WILLINGHAM, INC.

91-1940932

6/11/08

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NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW.	PRIOR 179/ BONUS/ SP. DEPR.	PRIOR DEC. BAL DEPR.	SALVAG /BASIS REDUCT.	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
FORM 1120																
AUTO / TRANSPORT EQUIPMENT																
3	BUS	7/01/91		35,000				10,000			25,000	25,000	200DB HY	5		0
4	TRAILER	6/01/93		5,705							5,705	5,705	200DB HY	5		0
6	TRUCK	12/19/04		8,000				4,000			4,000	2,632	200DB MQ	5	.13680	547
8	AUTOMOBILE	6/20/05		12,235							12,235	3,671	S/L HY	5	.20000	2,447
9	LINCOLN	3/22/06		28,000							28,000	2,960	200DB HY	5	.32000	4,800
10	CANOPY FOR DODGE	12/25/06		1,583							1,583		S/L			0
12	TRUCK	6/15/07		22,925		15,000					7,925		200DB HY	5	.20000	1,585
TOTAL AUTO / TRANSPORT EQUIP				113,448		15,000	0	14,000	0	0	84,448	39,968				9,379
FURNITURE AND FIXTURES																
1	FURNITURE	7/21/88		1,000							1,000	1,000	200DB HY	7		0
TOTAL FURNITURE AND FIXTURE				1,000		0	0	0	0	0	1,000	1,000				0
IMPROVEMENTS																
11	BUILDING IMPROVEMENTS	1/01/06		8,062							8,062	268	S/L HY	15	.06670	538
13	BUILDING IMPROVEMENTS	5/12/07		1,721							1,721		S/L MM	39	.01605	28
TOTAL IMPROVEMENTS				9,783		0	0	0	0	0	9,783	268				566
MACHINERY AND EQUIPMENT																

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2007 FEDERAL DEPRECIATION SCHEDULE

PAGE 2

CLIENT W5863

WILLINGHAM, INC.

91-1940932

6/11/08

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NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW.	PRIOR 179/ BONUS/ SP. DEPR.	PRIOR DEC. BAL DEPR.	SALVAG /BASIS REDUCT	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
2	SEWING MACHINE	11/01/90		4,380				4,380			0		200DB HY	7		0
5	COMPUTER	9/01/97		5,693							5,693	5,693	200DB HY	5		0
7	FORK LIFT	8/05/05		3,500							3,500	1,820	200DB HY	5	.19200	672
TOTAL MACHINERY AND EQUIPME				13,573		0	0	4,380	0	0	9,193	7,513				672
TOTAL DEPRECIATION				137,804		15,000	0	18,380	0	0	104,424	48,749				10,617
GRAND TOTAL DEPRECIATION				137,804		15,000	0	18,380	0	0	104,424	48,749				10,617

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